

## CONFERENCE COMMITTEE REPORT DIGEST FOR ESB 480

**Citations Affected:** IC 6-3-2-4; IC 10-17; IC 20-20-7-3; IC 20-28-2-6; IC 21-13-5; IC 21-14-9; IC 25-1-11-21.

**Synopsis:** Military and veterans' affairs. Exempts active duty military pay earned by members of the national guard and reserve components of the United States armed forces from the individual income tax. Increases the military pay income tax deduction from \$2,000 to \$5,000. Provides that a taxpayer may not claim both the new exemption and the existing deduction for military income. Establishes employment criteria for employees of the Indiana department of veterans' affairs (department) and local service officers. Provides for reimbursement of certain expenses of medal of honor recipients. Provides that a power of attorney for prosecution of veterans' benefits runs to an agency or individual authorized by the department. Establishes the veterans' affairs trust fund and the military and veterans' benefits board (board). Provides that the board (rather than the veterans' affairs commission) administers the military family relief fund. Expands the high school diploma program for eligible veterans to include veterans of the Korean and Vietnam conflicts. Establishes the National Guard scholarship extension fund (fund) to certain former National Guard members. Requires the state student assistance commission to transfer on June 30, 2007, the National Guard scholarship program reserves to the fund. Specifies that active duty military personnel stationed in Indiana and their dependents are eligible for resident tuition rates at state educational institutions. Authorizes the: (1) advisory board of the division of professional standards of the department of education; and (2) various professional licensing boards; to adopt rules to expedite the licensure of individuals whose spouses are stationed on active duty in Indiana. **(This conference committee report: (1) removes the provision granting service credit in the teachers' retirement fund for certain military service; (2) amends the definition of "qualified military income"; (3) removes the eight year phase-in of the deduction of all military income; (4) increases the military pay income tax deduction from \$2,000 to \$5,000; (5) provides for reimbursement of certain expenses of medal of honor recipients; (6) establishes the veterans' affairs trust fund and the military and veterans' benefits board and provides that the board administers the fund; (7) provides that the board (rather than the veterans' affairs commission) administers the military family relief fund; (8) removes certain provisions concerning tuition assistance at state educational institutions for certain active duty military personnel and their dependents and**

**certain veterans; (9) removes provisions concerning the eligibility of veterans and children of veterans for freedom of choice grants; (10) establishes the National Guard scholarship extension fund to provide tuition assistance to certain former National Guard members; and (11) removes various appropriations.)**

**Effective:** Upon passage; July 1, 2007; January 1, 2008.

## CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill No. 480 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-3-1-2.5 IS ADDED TO THE INDIANA CODE
- 3 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 4 JANUARY 1, 2008]: **Sec. 2.5. "Armed forces of the United States"**
- 5 **has the meaning set forth in IC 5-9-4-3.**
- 6 SECTION 2. IC 6-3-1-2.7 IS ADDED TO THE INDIANA CODE
- 7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 8 JANUARY 1, 2008]: **Sec. 2.7. "National Guard" has the meaning**
- 9 **set forth in IC 5-9-4-4.**
- 10 SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006,
- 11 SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24,
- 12 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
- 13 [EFFECTIVE JANUARY 1, 2008]: **Sec. 3.5.** When used in this article,
- 14 the term "adjusted gross income" shall mean the following:
- 15 (a) In the case of all individuals, "adjusted gross income" (as
- 16 defined in Section 62 of the Internal Revenue Code), modified as
- 17 follows:
- 18 (1) Subtract income that is exempt from taxation under this article
- 19 by the Constitution and statutes of the United States.
- 20 (2) Add an amount equal to any deduction or deductions allowed
- 21 or allowable pursuant to Section 62 of the Internal Revenue Code
- 22 for taxes based on or measured by income and levied at the state

level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code ~~for taxable years beginning after December 31, 1996~~ *(as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(20) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(21) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as

defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

**(23) Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

*(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.*

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the

1 same as "taxable income" (as defined in Section 832 of the Internal  
2 Revenue Code), adjusted as follows:

3 (1) Subtract income that is exempt from taxation under this article  
4 by the Constitution and statutes of the United States.

5 (2) Add an amount equal to any deduction allowed or allowable  
6 under Section 170 of the Internal Revenue Code.

7 (3) Add an amount equal to a deduction allowed or allowable  
8 under Section 805 or Section 831(c) of the Internal Revenue Code  
9 for taxes based on or measured by income and levied at the state  
10 level by any state.

11 (4) Subtract an amount equal to the amount included in the  
12 company's taxable income under Section 78 of the Internal  
13 Revenue Code.

14 (5) Add or subtract the amount necessary to make the adjusted  
15 gross income of any taxpayer that owns property for which bonus  
16 depreciation was allowed in the current taxable year or in an  
17 earlier taxable year equal to the amount of adjusted gross income  
18 that would have been computed had an election not been made  
19 under Section 168(k) of the Internal Revenue Code to apply bonus  
20 depreciation to the property in the year that it was placed in  
21 service.

22 (6) Add an amount equal to any deduction allowed under Section  
23 172 of the Internal Revenue Code.

24 (7) Add or subtract the amount necessary to make the adjusted  
25 gross income of any taxpayer that placed Section 179 property (as  
26 defined in Section 179 of the Internal Revenue Code) in service  
27 in the current taxable year or in an earlier taxable year equal to  
28 the amount of adjusted gross income that would have been  
29 computed had an election for federal income tax purposes not  
30 been made for the year in which the property was placed in  
31 service to take deductions under Section 179 of the Internal  
32 Revenue Code in a total amount exceeding twenty-five thousand  
33 dollars (\$25,000).

34 (8) Add an amount equal to the amount that a taxpayer claimed as  
35 a deduction for domestic production activities for the taxable year  
36 under Section 199 of the Internal Revenue Code for federal  
37 income tax purposes.

38 (e) In the case of trusts and estates, "taxable income" (as defined for  
39 trusts and estates in Section 641(b) of the Internal Revenue Code)  
40 adjusted as follows:

41 (1) Subtract income that is exempt from taxation under this article  
42 by the Constitution and statutes of the United States.

43 (2) Subtract an amount equal to the amount of a September 11  
44 terrorist attack settlement payment included in the federal  
45 adjusted gross income of the estate of a victim of the September  
46 11 terrorist attack or a trust to the extent the trust benefits a victim  
47 of the September 11 terrorist attack.

48 (3) Add or subtract the amount necessary to make the adjusted  
49 gross income of any taxpayer that owns property for which bonus  
50 depreciation was allowed in the current taxable year or in an  
51 earlier taxable year equal to the amount of adjusted gross income



that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(6) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP FOUR amount and two thousand five hundred dollars (\$2,500).

SECTION 4. IC 6-3-1-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 34. "Qualified military income" means wages that are paid:**

**(1) to a member of:**

**(A) a reserve component of the armed forces of the United States; or**

**(B) the National Guard; and**

**(2) for any of the following applicable periods, or any combination of the following applicable periods, in a calendar year:**

**(A) The member's full-time service on involuntary orders in:**

- (i) a reserve component of the armed forces of the United States; or
- (ii) the National Guard.

**(B) The period during which the member is mobilized and deployed for full-time service in:**

- (i) a reserve component of the armed forces of the United States; or
- (ii) the National Guard.

**(C) The period during which the member's National Guard unit is federalized.**

SECTION 5. IC 6-3-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. **(a)** Each taxable year, an individual, or the individual's surviving spouse, is entitled to an adjusted gross income tax deduction for the first ~~two~~ **five** thousand dollars ~~(\$2,000)~~ **(\$5,000)** of income, including retirement or survivor's benefits, received during the taxable year by the individual, or the individual's surviving spouse, for the individual's service in an active or reserve component of the armed forces of the United States, including the army, navy, air force, coast guard, marine corps, merchant marine, Indiana army national guard, or Indiana air national guard. However, a person who is less than sixty (60) years of age on the last day of the person's taxable year, is not, for that taxable year, entitled to a deduction under this section for retirement or survivor's benefits.

**(b) An individual whose qualified military income is subtracted from the individual's federal adjusted gross income under IC 6-3-1-3.5(a)(23) for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for the individual's qualified military income.**

SECTION 6. IC 10-17-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) The position of director of veterans' affairs is established. The governor shall appoint the director for a four (4) year term. However, the term of office of the director terminates when the term of office of the governor terminates or when a successor to the director is appointed and qualified. The director must be:

- (1) an honorably discharged veteran who has at least six (6) months **active** service in the armed forces of the United States; and
- (2) a citizen of Indiana and a resident of Indiana for at least five (5) years immediately preceding the director's appointment.

**(b) The director is entitled to reimbursement for necessary traveling and other expenses.**

**(c) The governor may remove the director if the governor considers the director guilty of misconduct, incapability, or neglect of duty.**

**(d) The governor shall appoint an assistant director of veterans' affairs. The assistant director is entitled to receive reimbursement for necessary traveling and other expenses. The assistant director has the same qualifications as the director of veterans' affairs and shall assist the director in carrying out this chapter.**

SECTION 7. IC 10-17-1-6, AS AMENDED BY P.L.58-2006,

SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The director of veterans' affairs:

(1) is the executive and administrative head of the **Indiana** department of veterans' affairs; and

(2) shall direct and supervise the administrative and technical activities of the department;

subject to the general supervision of the commission.

(b) The duties of the director include the following:

(1) To attend all meetings of the commission and to act as secretary and keep minutes of the commission's proceedings.

(2) To appoint, by and with the consent of the commission, under this chapter and notwithstanding IC 4-15-2, the employees of the department necessary to carry out this chapter and to fix the compensation of the employees. Employees of the department must be:

~~(A) honorably discharged veterans who have had at least six (6) months service in the armed forces of the United States and who are citizens of the United States and Indiana; or~~

~~(B) spouses, surviving spouses, parents, or children of an individual described in clause (A).~~

**An employee must qualify for the job concerned.**

(3) To carry out the program for veterans' affairs as directed by the governor and the commission.

(4) To carry on field direction, inspection, and coordination of county and city service officers as provided in this chapter.

(5) To prepare and conduct service officer training schools with the voluntary aid and assistance of the service staffs of the major veterans' organizations.

(6) To maintain an information bulletin service to county and city service officers for the necessary dissemination of material pertaining to all phases of veterans' rehabilitation and service work.

(7) To perform the duties described in IC 10-17-11 for the Indiana state veterans' cemetery.

(8) To perform the duties described in IC 10-17-12 for the military family relief fund.

**(9) To establish a program and set guidelines under which a medal of honor awardee may receive compensation when attending and participating in official ceremonies.**

SECTION 8. IC 10-17-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. ~~The director of veterans' affairs may act as agent of a veteran under (a) A power of attorney authorizing the director to act action on behalf of the a veteran in obtaining a benefit or an advantage for a veteran provided under Indiana law must run to an authorized agency or individual recognized by the United States Department of Veterans Affairs.~~

**(b) A rule contrary to this section is void.**

SECTION 9. IC 10-17-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A county executive:

(1) shall designate and may employ a county service officer; and

(2) may employ service officer assistants;  
to serve the veterans of the county.

(b) The fiscal body of a city may provide for the employment by the mayor of a city service officer and service officer assistants to serve the veterans of the city.

(c) If the remuneration and expenses of a county or city service officer are paid from the funds of the county or city employing the service officer, the service officer shall:

(1) have the same qualifications and be subject to the same rules as ~~other employees~~ **the director, assistant director, and state service officers** of the **Indiana** department of veterans' affairs; and

(2) serve under the supervision of the director of veterans' affairs.

**A service officer assistant must have the same qualifications as an employee described in section 11(b) of this chapter. A rule contrary to this subsection is void.**

(d) County and city fiscal bodies may appropriate funds necessary for the purposes described in this section.

SECTION 10. IC 10-17-1-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 11. (a) The following employees of the Indiana department of veterans' affairs must satisfy the requirements set forth in section 5(a) of this chapter:**

**(1) State service officers.**

**(2) Director of the state approving agency.**

**(3) Program directors of the state approving agency.**

**(4) Director of the Indiana state veterans' cemetery established by IC 10-17-11-4.**

**(b) An employee of the Indiana department of veterans' affairs not described in subsection (a) must:**

**(1) satisfy; or**

**(2) be the spouse, surviving spouse, parent, or child of a person who satisfies;**

**the requirements set forth in section 5(a) of this chapter.**

SECTION 11. IC 10-17-12-3, AS ADDED BY P.L.58-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. As used in this chapter, "~~commission~~" "**board**" refers to the **military and veterans' affairs commission benefits board** established by ~~IC 10-17-1-3~~ **IC 10-17-13-4**.

SECTION 12. IC 10-17-12-8, AS ADDED BY P.L.58-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) The military family relief fund is established ~~beginning January 1, 2007~~, to provide assistance with food, housing, utilities, medical services, basic transportation, and other essential family support expenses that have become difficult to afford for families of Indiana residents who are:

(1) members of:

(A) a reserve component of the armed forces; or

(B) the national guard; and

(2) called to active duty after September 11, 2001.

(b) The ~~department board~~ shall expend the money in the fund

exclusively to provide grants for assistance as described in subsection (a).

(c) The ~~director~~ **board** shall administer the fund.

SECTION 13. IC 10-17-12-9, AS ADDED BY P.L.58-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) The fund consists of the following:

- (1) Appropriations made by the general assembly.
- (2) Donations to the fund.
- (3) Interest as provided in subsection (b).
- (4) Money transferred to the fund from other funds.
- (5) Annual supplemental fees collected under IC 9-29-5-38.5.
- (6) Money from any other source authorized or appropriated for the fund.

(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund or to any other fund.

(d) There is annually appropriated to the ~~department~~ **board** for the purposes of this chapter all money in the fund not otherwise appropriated to the ~~department~~ **board** for the purposes of this chapter.

SECTION 14. IC 10-17-12-10, AS ADDED BY P.L.58-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. The ~~commission~~ **board** may adopt rules under IC 4-22-2 for the provision of grants under this chapter. The rules adopted under this section must address the following:

- (1) Uniform need determination procedures.
- (2) Eligibility criteria.
- (3) Application procedures.
- (4) Selection procedures.
- (5) Coordination with other assistance programs.
- (6) Other areas in which the department determines that rules are necessary to ensure the uniform administration of the grant program under this chapter.

SECTION 15. IC 10-17-12-11, AS ADDED BY P.L.58-2006, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. The director or a member of the ~~commission~~ **board** may make a request to the general assembly for an appropriation to the fund.

SECTION 16. IC 10-17-13 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

### **Chapter 13. Veterans' Affairs Trust Fund**

**Sec. 1. As used in this chapter, "board" refers to the military and veterans' benefits board established by section 4 of this chapter.**

**Sec. 2. As used in this chapter, "fund" refers to the veterans' affairs trust fund established by section 3 of this chapter.**

**Sec. 3. (a) The veterans' affairs trust fund is established to provide assistance to veterans and their families.**

**(b) The fund consists of the following:**

- (1) Appropriations by the general assembly.**
- (2) Donations, gifts, grants, and bequests to the fund.**
- (3) Interest and dividends on assets of the funds.**
- (4) Money transferred to the fund from other funds.**
- (5) Money from any other source deposited in the fund.**

**Sec. 4. The military and veterans' benefits board is established.**

**Sec. 5. The board consists of the following members:**

**(1) Seven (7) members appointed by the governor. The governor shall consider the following when making appointments under this subdivision:**

**(A) Membership in:**

- (i) a veterans association established under IC 10-18-6;**
- or**
- (ii) a veterans organization listed in IC 10-18-8-1.**

**(B) Service in the armed forces of the United States (as defined in IC 5-9-4-3) or the national guard (as defined in IC 5-9-4-4).**

**(C) Experience in education, including higher education, vocational education, or adult education.**

**(D) Experience in investment banking or finance.**

**The governor shall designate one (1) member appointed under this subdivision to serve as chairperson of the board.**

**(2) The director of veterans' affairs appointed under IC 10-17-1-5 or the director's designee.**

**(3) The adjutant general of the military department of the state appointed under IC 10-16-2-6 or the adjutant general's designee.**

**(4) Four (4) members of the general assembly appointed as follows:**

**(A) Two (2) members of the senate, one (1) from each political party, appointed by the president pro tempore of the senate with advice from the minority leader of the senate.**

**(B) Two (2) members of the house of representatives, one (1) from each political party, appointed by the speaker of the house of representatives with advice from the minority leader of the house of representatives.**

**Members appointed under this subdivision are nonvoting, advisory members and must serve on a standing committee of the senate or house of representatives that has subject matter jurisdiction over military and veterans affairs.**

**Sec. 6. The board shall meet at least quarterly at the call of the chairperson of the board.**

**Sec. 7. Five (5) voting members of the board constitute a quorum. The affirmative vote of five (5) members of the board is necessary for the board to take action.**

**Sec. 8. (a) The term of a board member begins on the later of the following:**

- (1) The day the term of the member whom the individual is appointed to succeed expires.**

1 (2) The day the member is appointed.

2 (b) The term of a member expires on the later of the following:

3 (1) The day a successor is appointed.

4 (2) July 1 of the year following the year in which the member  
5 is appointed.

6 However, a member serves at the pleasure of the appointing  
7 authority.

8 (c) An appointing authority may reappoint a member for a new  
9 term.

10 (d) An appointing authority shall appoint an individual to fill a  
11 vacancy on the board.

12 Sec. 9. (a) Each member of the board who is not a state  
13 employee is entitled to the minimum salary per diem provided by  
14 IC 4-10-11-2.1(b). The member is also entitled to reimbursement  
15 for traveling expenses as provided under IC 4-13-1-4 and other  
16 expenses actually incurred in connection with the member's duties  
17 as provided in the state policies and procedures established by the  
18 Indiana department of administration and approved by the budget  
19 agency.

20 (b) Each member of the board who is a state employee but who  
21 is not a member of the general assembly is entitled to  
22 reimbursement for traveling expenses as provided under  
23 IC 4-13-1-4 and other expenses actually incurred in connection  
24 with the member's duties as provided in the state policies and  
25 procedures established by the Indiana department of  
26 administration and approved by the budget agency.

27 (c) Each member of the board who is a member of the general  
28 assembly is entitled to receive the same per diem, mileage, and  
29 travel allowances paid to legislative members of interim study  
30 committees established by the legislative council. Per diem,  
31 mileage, and travel allowances paid under this subsection shall be  
32 paid from appropriations made to the legislative council or the  
33 legislative services agency.

34 Sec. 10. (a) The board shall manage and develop the fund and  
35 the assets of the fund.

36 (b) The board shall do the following:

37 (1) Establish a policy for the investment of the assets of the  
38 fund. In establishing a policy under this subdivision, the board  
39 shall:

40 (A) consider the immediate needs of veterans and their  
41 families to the extent those needs are not addressed by the  
42 military family relief fund established by IC 10-17-12-8;  
43 and

44 (B) have as its long term goal creating a self sustaining  
45 fund that is not dependent on legislative sources of  
46 funding.

47 (2) Acquire money for the fund through the solicitation of  
48 private or public donations and other revenue producing  
49 activities.

50 (3) Perform other tasks consistent with prudent management  
51 and development of the fund.

1       **Sec. 11. (a) Subject to the investment policy of the board**  
 2 **established under section 10 of this chapter, the treasurer of state**  
 3 **shall administer the fund and invest the money in the fund.**

4       **(b) The expenses of administering the fund and this chapter**  
 5 **shall be paid from the fund.**

6       **(c) The treasurer of state shall invest the money in the fund not**  
 7 **currently needed to meet the obligations of the fund in the same**  
 8 **manner as other public trust funds are invested. Interest that**  
 9 **accrues from these investments shall be deposited in the fund.**

10       **Sec. 12. Money in the fund at the end of a state fiscal year does**  
 11 **not revert to the state general fund or any other fund.**

12       **Sec. 13. Before October 1 of each year, the board shall report in**  
 13 **an electronic format under IC 5-14-6 to the general assembly**  
 14 **concerning the fund.**

15       **Sec. 14. The board shall adopt rules under IC 4-22-2 to do the**  
 16 **following:**

17       **(1) Establish or designate programs, including existing**  
 18 **programs administered by state agencies for the benefit of**  
 19 **active duty military personnel, veterans, and their families, to**  
 20 **be funded by the fund. The board shall consider the following**  
 21 **needs of veterans and their families in establishing programs**  
 22 **under this subdivision:**

23       **(A) Education.**

24       **(B) Economic assistance, including grants and loans.**

25       **(C) Health and medical care.**

26       **(D) Housing and transportation needs.**

27       **(E) Employment and workforce issues.**

28       **(F) Any other issue the board determines is appropriate.**

29       **(2) Determine eligibility and application procedures for**  
 30 **programs described in subdivision (1).**

31       **(3) Otherwise implement this chapter.**

32       **SECTION 17. IC 20-20-7-3, AS ADDED BY P.L.1-2005,**  
 33 **SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE**  
 34 **JULY 1, 2007]: Sec. 3. As used in this chapter, "eligible veteran" refers**  
 35 **to an individual who has the following qualifications:**

36       **(1) Served as a member of the armed forces of the United States**  
 37 **at any time during at least one (1) of the following periods:**

38       **(A) Beginning April 6, 1917, and ending November 11, 1918**  
 39 **(World War I).**

40       **(B) Beginning December 7, 1941, and ending December 31,**  
 41 **1946 (World War II).**

42       **(C) Beginning June 27, 1950, and ending January 31, 1955**  
 43 **(Korean Conflict).**

44       **(D) Beginning August 5, 1964, and ending May 7, 1975**  
 45 **(Vietnam Conflict).**

46       **(2) Before the military service described in subdivision (1):**

47       **(A) attended a public or nonpublic high school in Indiana; and**

48       **(B) was a student in good standing at the high school**  
 49 **described in clause (A), to the satisfaction of the department**  
 50 **of veterans' affairs.**

51       **(3) Did not graduate or receive a diploma because of leaving the**



high school described in subdivision (2) for the military service described in subdivision (1).

(4) Was honorably discharged from the armed forces of the United States.

SECTION 18. IC 20-28-2-6, AS AMENDED BY SEA 526-2007, SECTION 203, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) Subject to subsection (c) and in addition to the powers and duties set forth in IC 20-20-22 or this article, the advisory board may adopt rules under IC 4-22-2 to do the following:

(1) Set standards for teacher licensing and for the administration of a professional licensing and certification process by the department.

(2) Approve or disapprove teacher preparation programs.

(3) Set fees to be charged in connection with teacher licensing.

(4) Suspend, revoke, or reinstate teacher licenses.

(5) Enter into agreements with other states to acquire reciprocal approval of teacher preparation programs.

(6) Set standards for teacher licensing concerning new subjects of study.

(7) Evaluate work experience and military service concerning postsecondary education and experience equivalency.

(8) Perform any other action that:

(A) relates to the improvement of instruction in the public schools through teacher education and professional development through continuing education; and

(B) attracts qualified candidates for teacher education from among the high school graduates of Indiana.

(9) Set standards for endorsement of school psychologists as independent practice school psychologists under IC 20-28-12.

(b) Notwithstanding subsection (a)(1), an individual is entitled to one (1) year of occupational experience for purposes of obtaining an occupational specialist certificate under this article for each year the individual holds a license under IC 25-8-6.

(c) Before publishing notice of the intent to adopt a rule under IC 4-22-2, the advisory board must submit the proposed rule to the state superintendent for approval. If the state superintendent approves the rule, the advisory board may publish notice of the intent to adopt the rule. If the state superintendent does not approve the rule, the advisory board may not publish notice of the intent to adopt the rule.

**(d) The advisory board may adopt rules under IC 4-22-2, including emergency rules under IC 4-22-2-37.1, to establish procedures to expedite the issuance, renewal, or reinstatement under this article of a license or certificate of a person whose spouse serves on active duty (as defined in IC 25-1-12-2) and is assigned to a duty station in Indiana. Before publishing notice of the intent to adopt a permanent rule under IC 4-22-2, the advisory board must comply with subsection (c).**

SECTION 19. IC 21-13-1-5, AS ADDED BY SEA 526-2007, SECTION 254, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. "Fund":

(1) for purposes of IC 21-13-2, refers to the minority teacher or special education services scholarship fund established by IC 21-13-2-1;

(2) for purposes of IC 21-13-3, refers to the nursing scholarship fund established by IC 21-13-3-1; ~~and~~

(3) for purposes of IC 21-13-4, refers to the National Guard tuition supplement program fund established by IC 21-13-4-1;

**and**

**(4) for purposes of IC 21-13-5, refers to the National Guard scholarship extension fund established by IC 21-13-5-1.**

SECTION 20. IC 21-13-1-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9. "Scholarship extension applicant", for purposes of IC 21-13-5, means a person who:**

**(1) is a former member of the Indiana National Guard who was called to active duty at least one (1) time while a member of the Indiana National Guard;**

**(2) was a scholarship applicant when the person was called to active duty;**

**(3) is a resident of Indiana;**

**(4) has been accepted to attend a state educational institution as a full-time or part-time student; and**

**(5) according to commission requirements, has timely filed an application for any federal and state financial assistance available to the person to attend a state educational institution.**

SECTION 21. IC 21-13-5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 5. National Guard Scholarship Extension Program**

**Sec. 1. (a) The National Guard scholarship extension fund is established to provide the financial resources necessary to award tuition scholarships to scholarship extension applicants.**

**(b) The commission shall administer the fund. The expenses of administering the fund shall be paid from money in the fund.**

**(c) The fund consists of money transferred to the fund from the National Guard scholarship program reserves.**

**(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.**

**Sec. 2. Money in the National Guard scholarship extension fund shall be used to provide annual scholarships to scholarship extension applicants in an amount determined by the commission.**

**Sec. 3. A scholarship extension applicant shall apply for a tuition scholarship under this chapter not later than one (1) year after the scholarship extension applicant ceases to be a member of the National Guard.**

**Sec. 4. A scholarship extension applicant is eligible for a tuition scholarship under this chapter for a period not to exceed the period the scholarship extension applicant served on active duty as a member of the National Guard.**

**Sec. 5. The commission shall adopt rules under IC 4-22-2 to**

1 **implement this chapter.**

2 SECTION 22. IC 21-14-1-2.3 IS ADDED TO THE INDIANA  
3 CODE AS A NEW SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2007]: **Sec. 2.3. For purposes of IC 21-14-9,**  
5 **"active duty" means full-time service in the armed forces of the**  
6 **United States that exceeds thirty (30) days in a calendar year.**

7 SECTION 23. IC 21-14-1-2.7 IS ADDED TO THE INDIANA  
8 CODE AS A NEW SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2007]: **Sec. 2.7. For purposes of IC 21-14-9,**  
10 **"armed forces of the United States" means the following:**

- 11 (1) **The United States Air Force.**
- 12 (2) **The United States Army.**
- 13 (3) **The United States Coast Guard.**
- 14 (4) **The United States Marine Corps.**
- 15 (5) **The United States Navy.**

16 SECTION 24. IC 21-14-9 IS ADDED TO THE INDIANA CODE  
17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
18 JULY 1, 2007]:

19 **Chapter 9. Resident Tuition for Active Duty Military Personnel**

20 **Sec. 1. Notwithstanding any other statute, a person who:**

- 21 (1) **is a nonresident of Indiana;**
- 22 (2) **serves on active duty;**
- 23 (3) **is stationed in Indiana; and**
- 24 (4) **attends a state educational institution;**

25 **is eligible to pay the resident tuition rate determined by the state**  
26 **educational institution for courses taken by the person while the**  
27 **person continues to satisfy the criteria set forth in subdivisions (2)**  
28 **and (3).**

29 **Sec. 2. A dependent of a person described in section 1 of this**  
30 **chapter is eligible to pay the resident tuition rate determined by the**  
31 **state educational institution for courses taken by the dependent for**  
32 **the duration of the dependent's enrollment at the state educational**  
33 **institution.**

34 SECTION 25. IC 25-1-9-20 IS ADDED TO THE INDIANA CODE  
35 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
36 1, 2007]: **Sec. 20. The board may adopt rules under IC 4-22-2,**  
37 **including emergency rules under IC 4-22-2-37.1, to establish**  
38 **procedures to expedite the issuance or renewal of a:**

- 39 (1) **license;**
- 40 (2) **certificate;**
- 41 (3) **registration; or**
- 42 (4) **permit;**

43 **of a person whose spouse serves on active duty (as defined in**  
44 **IC 25-1-12-2) and is assigned to a duty station in Indiana.**

45 SECTION 26. IC 25-1-11-21 IS ADDED TO THE INDIANA  
46 CODE AS A NEW SECTION TO READ AS FOLLOWS  
47 [EFFECTIVE JULY 1, 2007]: **Sec. 21. The board may adopt rules**  
48 **under IC 4-22-2, including emergency rules under IC 4-22-2-37.1,**  
49 **to establish procedures to expedite the issuance or renewal of a:**

- 50 (1) **license;**
- 51 (2) **certificate;**

1           (3) registration; or

2           (4) permit;

3       of a person whose spouse serves on active duty (as defined in  
4       IC 25-1-12-2) and is assigned to a duty station in Indiana.

5       SECTION 27. [EFFECTIVE JULY 1, 2007] IC 6-3-1-3.5 and  
6       IC 6-3-2-4, both as amended by this act, apply to taxable years  
7       beginning after December 31, 2007.

8       SECTION 28. [EFFECTIVE JULY 1, 2007] IC 10-17-1-5 and  
9       IC 10-17-1-9, both as amended by this act, and IC 10-17-1-11, as  
10      added by this act, apply to employees who begin employment with:

11          (1) the Indiana department of veterans' affairs; or

12          (2) a county or a city under IC 10-17-1-9, as amended by this  
13      act;

14      as applicable, after June 30, 2007.

15      SECTION 29. [EFFECTIVE JULY 1, 2007] (a) Notwithstanding  
16      the amendment of IC 10-17-12-10 by this act, rules adopted by the  
17      veterans' affairs commission under IC 4-22-2 and IC 10-17-12-10,  
18      before its amendment by this act, for the provision of grants under  
19      IC 10-17-12 shall remain in effect until the later of:

20          (1) the date on which the military and veterans' benefits  
21          board established by IC 10-17-13-4, as added by this act,  
22          adopts rules under IC 4-22-2 and IC 10-17-12-10, as amended  
23          by this act; or

24          (2) July 1, 2008.

25      (b) This SECTION expires July 1, 2008.

26      SECTION 30. [EFFECTIVE UPON PASSAGE] (a) For purposes  
27      of IC 21-13-5, as added by this act, "fund" refers to the National  
28      Guard scholarship extension fund established by IC 21-13-5-1.

29      (b) This SECTION expires July 1, 2007.

30      SECTION 31. [EFFECTIVE UPON PASSAGE] (a) On June 30,  
31      2007, the state student assistance commission shall transfer the  
32      National Guard scholarship program reserves to the National  
33      Guard scholarship extension fund established by IC 21-13-5-1, as  
34      added by this act.

35      (b) This SECTION expires December 31, 2007.

36      SECTION 32. An emergency is declared for this act.

(Reference is to ESB 480 as reprinted April 10, 2007.)

**Conference Committee Report**  
**on**  
**Engrossed Senate Bill 480**

**S**igned by:

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Senator Wyss  
Chairperson

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Representative Reske

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Senator Rogers

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Representative McClain

**Senate Conferees**

**House Conferees**